

# DWR – DSC – CVFPB Interagency Levee Investment Working Group Progress Report

*Erin Mullin and Ryan Stanbra  
Delta Stewardship Council*

*Mike Mierzwa and Robert Charney  
California Department of Water Resources*

March 22, 2018



# Key Topics

- **Delta Levee Investment Strategy (DLIS) Prioritization**
- Reporting and Tracking
- Ability to Pay
- Longer-term Workgroup Activities

# Delta Special Projects Scoring – 2016 vs. 2018

- 2016 Project Solicitation Package (PSP) applications were selected for funding based on scores within the following criteria:
  - Financing by Cost-sharing Partners – XX points Maximum
  - General Considerations – XX points Maximum
  - Export Water Supply Reliability – XX points Maximum
  - Ecosystem Enhancement – XX points Maximum
  - Levee System Integrity – XX points Maximum

# Delta Special Projects Scoring – 2016 vs. 2018, cont.

- 2018 PSP applications will include additional criteria based on an island/tract's placement on DSC's Delta Levee Investment Strategy (DLIS) Funding Priority List:
  - **DSC DLIS Funding Priorities – XX points Maximum**
    - *Maximum points* - applicant's district ranked Very-High priority under DLIS.
    - *To receive XX points* - applicant's district ranked High priority under DLIS.
    - *Zero points* - applicant's district not ranked Very-High/High priority.
- DSC's draft Delta Plan amendment provides for a project located on a lower funding priority district to still be considered for funding.
  - An applicant with a lower funding priority ("other") has the option to compete for a portion of these points by providing justification within their application.

# DLIS vs. PSP Scoring Consistency

DLIS Prioritization Metrics	DWR Delta Special Projects PSP Scoring Criteria					
	General	Export Water Supply		Ecosystem		System Integrity
	Public Facilities, Climate Change	Supply Corridor Protection	Water Quality	Drought Barriers	Waterside/ Landside Habitat	Levee Stability, B192-82 Compliance, Emergency Stockpiles, Legacy Communities
People	X	X	X	X		X
Property/ Infrastructure	X					X
Water Supply Reliability	X	X	X	X		
Ecosystem	X				X	
Delta as a Place						X

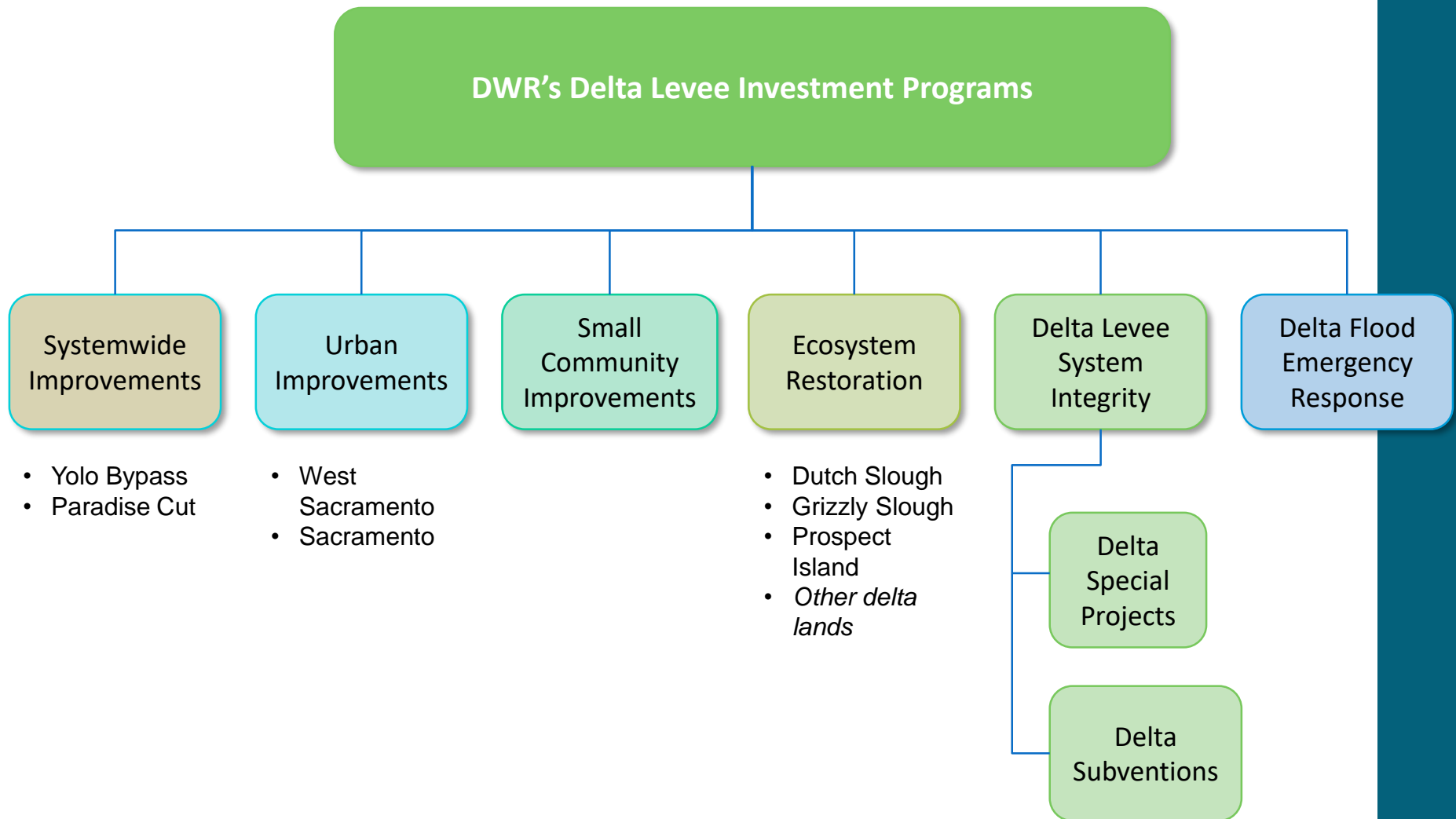
- More than 70% of points awarded in the PSP will be applied to existing scoring categories that directly speak to the Council's priorities.
- Additional points will be applied to a new scoring table that contains the Council's per island priority tiers.

# Key Topics

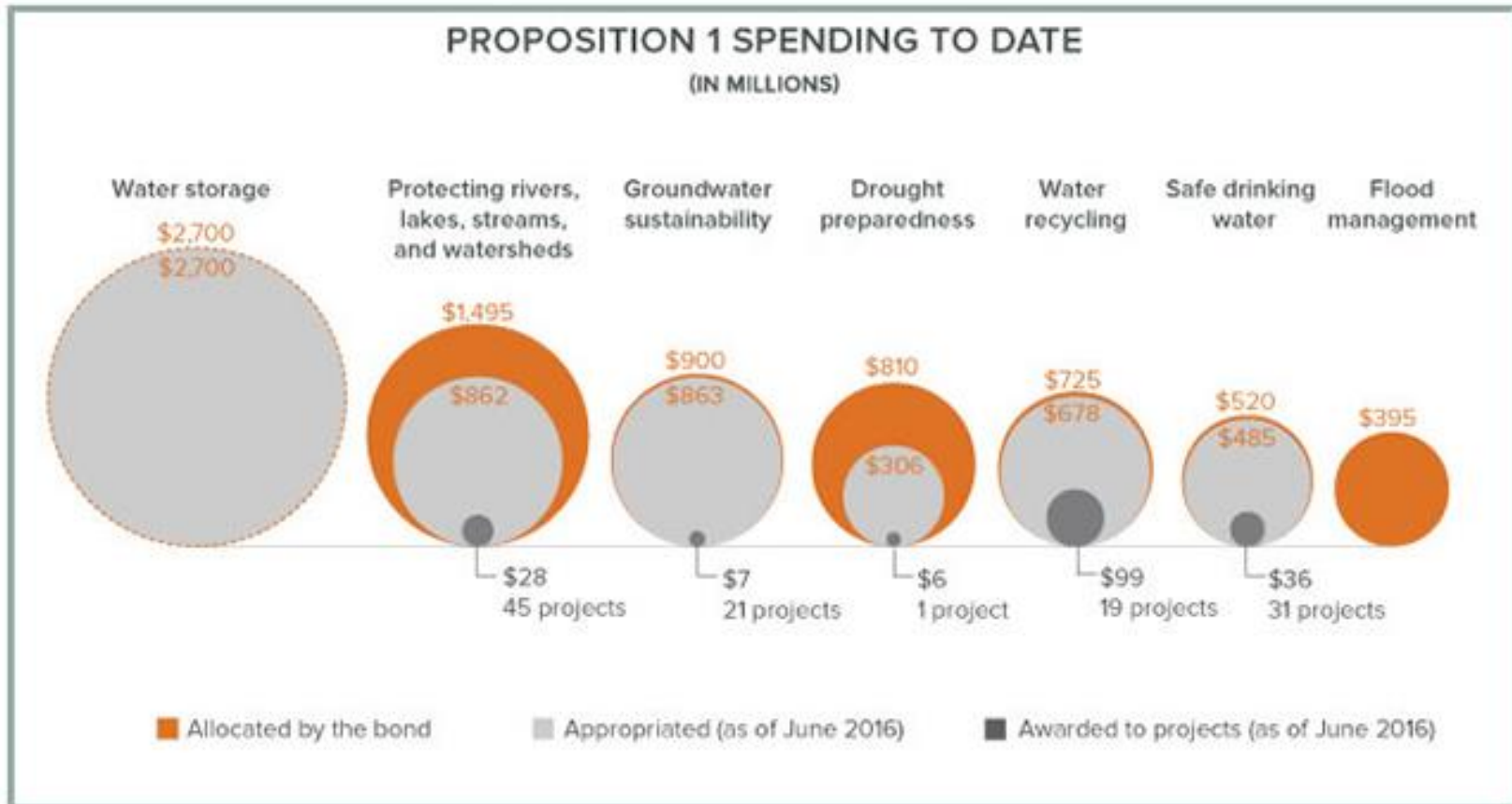
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# Proposed Tracking Items

- Funding Considerations
  - Authorization Totals
  - Current Appropriations
  - Expenditures/Commitments to Date
- Investment Need
  - Five-year plans can inform needs
- Possible Outcome Tracking & Metrics
- Public Engagement Schedule
  - Next Major Activity = 2018 PSP release
  - Venues for Public Input (informational vs. decisional)
- More detailed site-specific reporting



# Example – DWR Delta Programs Investment Dashboard



(from PPIC 2016)

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# Ability to Pay – History at DWR

- 1973 Way Bill, Subventions, no ATP
- 1988 Delta Flood Protection Act, S.P., voluntary ATP
- 1996 Subventions, max 75%, ATP Required, sunset
- 2004-2008 DWR concerted effort to define ATP, proposed methods opposed by local agencies
- 2016-2018 renewed interest in ATP, new methods
  - Draft M-Cubed methodology
  - DWR internal methodology

ATP under California Water Code §12986 sunsets on July 1, 2018...

# California Water Code §12986

*...the department shall require the local agency or an independent financial consultant to provide information regarding the agency's ability to pay for the cost of levee maintenance or improvement...*

*...The information or comprehensive study of the agency's ability to pay shall be the basis for determining the maximum allowable reimbursement eligible under this part...*

- Working definition of ATP:

*“The maximum annual dollar amount a local agency can reasonably be expected to contribute to levee maintenance, repair, improvement, and special projects.” (DWR internal documents, June 2007)*

- A new approach:

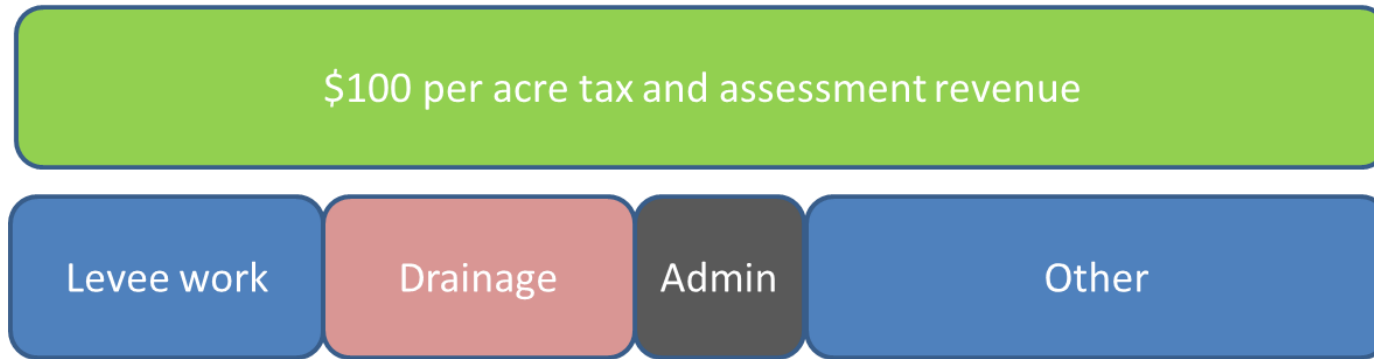
*A new Ability to Pay methodology is proposed that does not compel local agencies to raise assessments but instead considers current assessments and revenue sources and how they are being used by the local agency.*

- DWR Staff-level Assertion:

*The State is entitled to reduce its cost share proportionally for levee work when a local agency spends tax and assessment dollars for work that is a lower priority than levees.*

# Ability to Pay – To Do List

- Develop strawman methodology (complete)



- Seek expert opinions & stakeholder input, collect missing data (in progress)
- Develop guidelines, **Office of Administrative Law (OAL)** rulemaking, stakeholder and public outreach
- Implementation

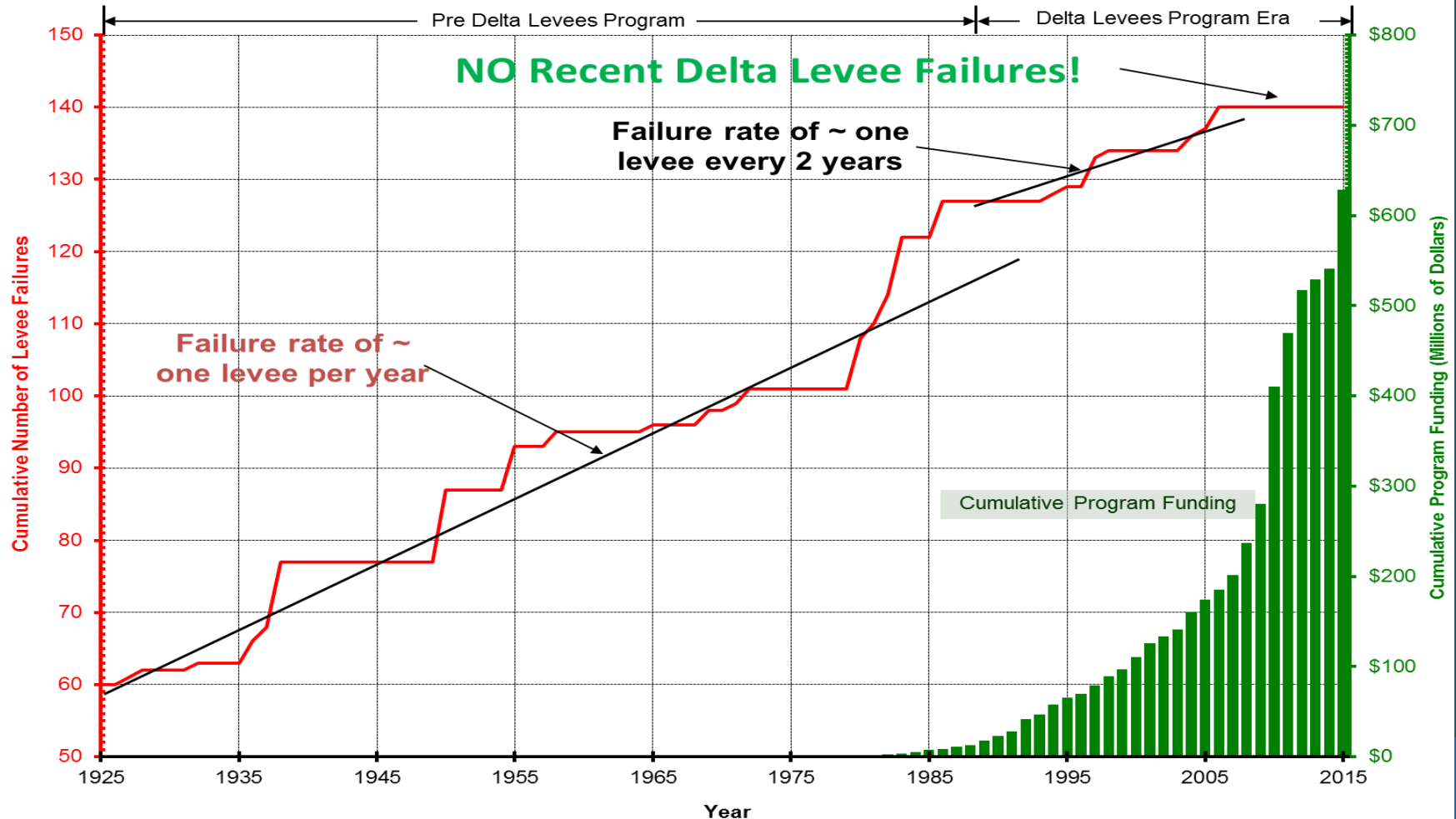
# Benefit/Cost Ratios & Costs

- Estimated B/C ratio ranges from 0.5 to 4.0 (ranges from a \$270,000/year loss to a \$3.2M/year savings to State taxpayers) with an expected B/C of 1.2 and an expected net savings to taxpayers of \$340,000 per year.
- Policy decisions that must still be made, and uncertainties in our knowledge of local agency drainage, administrative, and other costs create the large uncertainty in our estimate.
- The envisioned program will cost \$3.9M to establish and requires 4 new, permanent full-time employees to administer.

# Ability to Pay - Is it worth it?

*\$3.9 million in methodology development costs + an additional \$760,000/year are shifted from risk reduction work on the ground, where it goes now, to pay for new State employee salaries into perpetuity.*

# Cumulative Delta Levee Failures

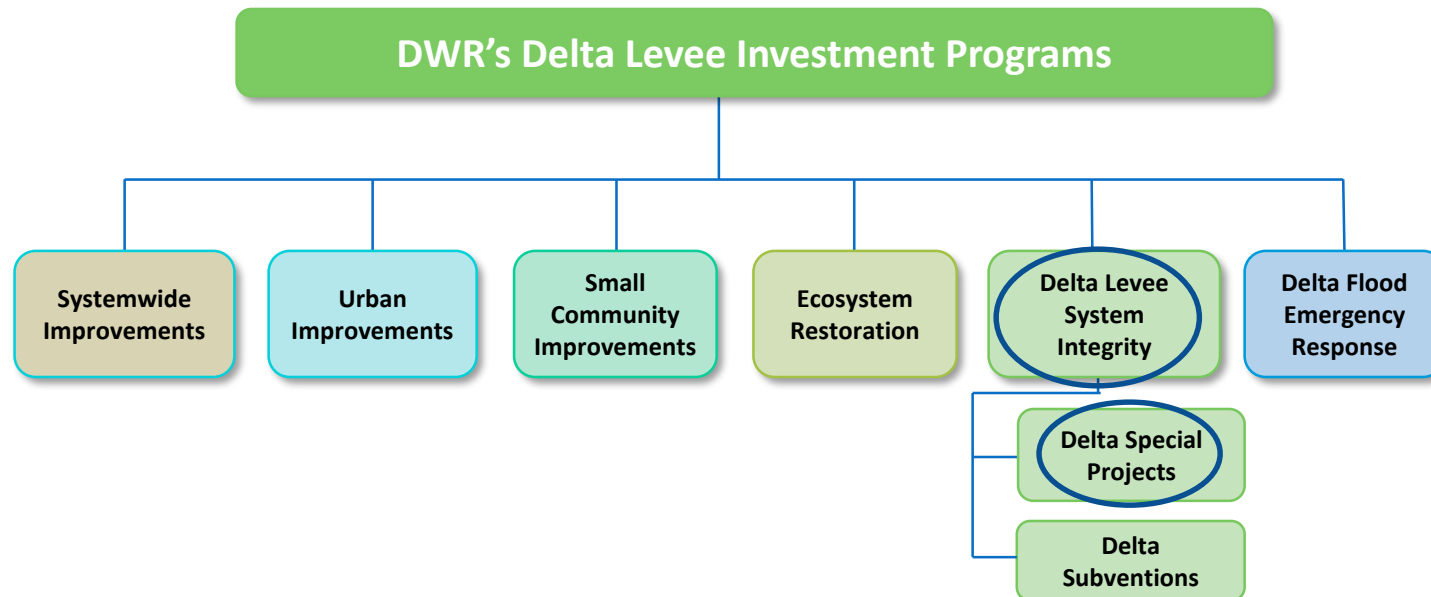


**ATP is required by law and will be pursued until it sunsets in July**

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# Long-term Working Group Activities



- Revisit the DLIS vs. PSP scoring matrix
- Co-manage the DLIS Decision Support Tool
- Develop informational briefing schedule for annual DWR Delta program reports to DSC
- Working Group review and dialog regarding Delta RD five-year plans